

**QUEENSLAND MINING CORPORATION LIMITED**

A.B.N. 61 109 962 469

**HALF-YEARLY REPORT  
31 DECEMBER 2015**



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## DIRECTORS' REPORT

Your directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of Queensland Mining Corporation Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during the six month period ended 31 December 2015 (Reporting Period').

### Current Directors

The names of directors who held office during or since the end of the half year:

Dr Lakshman Jayaweera  
Mr Jun Qiu  
Mr Eddy Wu  
Mrs Joyce Wang (Alternate to Mr Jun Qiu)

### Company Secretary

The name of company secretary who held office during or since the end of the half year:

Mr Pipvide Tang

### Report of Operations

The Company's exploration strategy during the reporting period was directed towards making new discoveries across the entire tenement holdings in the Cloncurry region. The activities undertaken mainly include the completion of two RC holes in the Flamingo West prospect and two RC holes in the Sally prospect in north Cloncurry. Both of them are iron oxide copper-gold targets with potential for significant sulphide mineralisation. In addition, 13 RC holes were drilled in the Young Australian prospect in south Cloncurry to test newly defined targets for the Greenmount style of copper mineralisation outside of the existing resources.

#### 1. Flamingo West (EPM18106)

The Flamingo West "EPM18106", consisting of 4 sub-blocks for an area of about 13sqkm, is located approximately 100km north of Cloncurry. The area has been targeted by QMC and other companies for IOCG style of mineralization over the last 20 years. Significant drill intercept of 36m@ 2.71% Cu and 0.4g/t Au has been returned from the adjacent QMC mining lease (ML90103) less than 3km to the northeast. The dipole-dipole IP survey undertaken by Noranda Pacific between 2005 and 2006 had defined a moderate chargeability anomaly at Carty's Bore in the southwest of the tenement but no follow-up drilling was performed due to a company takeover. Geological mapping carried out recently by QMC has located outcropping oxidized copper mineralization associated with quartz-magnetite-hematite ironstones and altered pegmatite dykes.

In order to test the combined IP and soil geochemical anomalies, 2 RC holes for a total 396m were drilled in July 2015. The first hole (FW15RC01) was designed to test the IP anomaly centred about 200m below surface but the drilling failed to intersect any sulphide minerals to explain the cause of the anomaly. The second hole (FW15RC02) was collared about 200m to the south to test the soil anomaly with the best intercept of 4m @ 0.41% Cu and 0.21g/t Au being returned from 98m.

#### 2. Sally (ML2535)

The Sally prospect comprises ML2535 (4 ha) and is located approximately 85km northwest of Cloncurry. It is also about 15km north of Altona's large copper deposit in Little Eva, following the same regional Roseby - Coolullah fault which is characterized by a prominent magnetic lineament. Geological mapping and XRF soil sampling performed by QMC have outlined anomalous zones of >300ppm copper that were recommended for drill testing.

Two RC holes were drilled at Sally for a total of 270m. These holes targeted the soil anomalies and outcropping mineralization. Both holes have intersected extensive red rock alteration and widespread pyrite but only low grade copper was intersected. The best intersection was 19m@ 0.31% Cu from 105m in SL15RC01. A technical review of the drilling program is currently underway and the outcome will help to guide further exploration in the region.

### 3. Young Australian (MLs 7511, ML7512, ML90084 and ML 90099EPM18912)

The Young Australia project consists of four MLs (100% QMC interest) and surrounding six sub-blocks within EPM 18912 which is owned by Chinova Resources and from which QMC has the exclusive rights to explore for mineralization over a period of five years until June 2017. The project is centred approximately 70km south of Cloncurry in northwest Queensland.

QMC completed lag and soil sampling plus geological mapping over the whole JV area in late 2012. The work has identified a number of promising targets for possible drill testing, including the prominent Tank Hill structural-geochemical zone located about 350m to the east of the Young Australian pit. From September to November 2015 a total of 13 RC holes for 1,934m in two phases were completed in Young Australian. Significant new copper was discovered and the highlights include 26m@ 1.56% Cu from 59m in Hole YA15RC06 and 13m@ 1.08% Cu from 52m in Hole YA15RC01. The drilling has also outlined a new copper mineralization zone with strike length of more 1,000m and width of up to 100m. New geological reconnaissance has extended the zone further up north for another 450m. Additional drilling has been planned with aim to define extra copper resources to improve the economics of the Young Australian project.

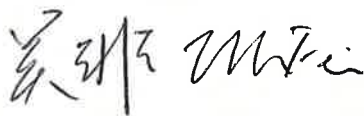
During the period under review, the consolidated entity sold its interest in EPM17323 Pigeon 3 to an unrelated third party for cash consideration. Under the agreement the consolidated entity retains the metal interest in the tenement.

### Competent Person Statement

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Guojian Xu, a Member of Australasian Institute of Mining and Metallurgy. Dr Xu is a consultant to Queensland Mining Corporation Limited through Redrock Exploration Services Pty Ltd. Dr Xu has sufficient experience deemed relevant to the style of mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Dr Xu consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

The lead auditor's independence declaration under s307C of the Corporation Act 2001 is set out on page 4 of this report.

This report is signed in accordance with a resolution of the Board of Directors.



Eddy Wu  
Director and CEO  
Sydney, 7 March 2016

**DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF QUEENSLAND MINING CORPORATION LIMITED**

As lead auditor for the review of Queensland Mining Corporation Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Queensland Mining Corporation Limited and the entities it controlled during the period.



**Gareth Few**

Partner

**BDO East Coast Partnership**

Sydney, 7 March 2016

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	<b>Consolidated</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>\$</b>	<b>\$</b>
Interest received	43,982	22,529
Other income	27,797	85,205
Profit on sale of mining tenements	20,846	-
Accountancy fees	(20,805)	(26,020)
Auditor's remuneration	(30,000)	(32,000)
Compliance fees	(2,974)	(15,423)
Depreciation expense	(51,557)	(54,669)
Exploration expense	(79,544)	(81,750)
Employee benefit expense	(248,189)	(206,047)
Finance cost	-	(347)
Impairment of assets	-	(279,209)
Insurance	(14,485)	(18,487)
Legal costs	(46,782)	(83,389)
Marketing & investor relations expense	(20,013)	(28,225)
Rental expense	(62,036)	(71,616)
Travel expense	(9,743)	(20,701)
Other expense	(13,902)	(14,428)
	<hr/>	<hr/>
Loss before income tax benefit	(507,405)	(824,577)
Income tax benefit	-	-
	<hr/>	<hr/>
Loss for the period after income tax benefit	(507,405)	(824,577)
Other comprehensive income for the period	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the period attributable to owners of Queensland Mining Corporation Limited</b>	<b>(507,405)</b>	<b>(824,577)</b>
	<hr/>	<hr/>
<b>Loss per share from loss attributable to ordinary holders of the parent</b>		
Basic and diluted EPS (cents)	<b>(0.03)</b>	<b>(0.07)</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	Consolidated	
		31.12.2015	30.06.2015
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,719,302	3,364,105
Trade and other receivables		34,474	15,568
<b>Total current assets</b>		<u>1,753,776</u>	<u>3,379,673</u>
<b>Non-current assets</b>			
Mining licences	6	14,586,367	14,533,967
Exploration and evaluation	7	12,250,870	11,077,611
Plant and equipment		730,342	781,899
<b>Total non-current assets</b>		<u>27,567,579</u>	<u>26,393,477</u>
<b>Total assets</b>		<u>29,321,355</u>	<u>29,773,150</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		116,964	127,791
<b>Total current liabilities</b>		<u>116,964</u>	<u>127,791</u>
<b>Total liabilities</b>		<u>116,964</u>	<u>127,791</u>
<b>Net assets</b>		<u>29,204,391</u>	<u>29,645,359</u>
<b>EQUITY</b>			
Issued capital	8	80,836,019	80,803,582
Share option reserve		34,000	-
Accumulated losses		<u>(51,665,628)</u>	<u>(51,158,223)</u>
<b>Total equity</b>		<u>29,204,391</u>	<u>29,645,359</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Share Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2014</b>	77,102,185	2,995,191	(51,931,349)	28,166,027
<i>Transactions with owners in their capacity as owners</i>				
Share capital issued	34,091	-	-	34,091
Share issue cost	(1,614)	-	-	(1,614)
Transferred to Accumulated Losses	-	(2,995,191)	2,995,191	-
	<u>77,134,662</u>	<u>-</u>	<u>(48,936,158)</u>	<u>28,198,504</u>
Total comprehensive income for the period	-	-	(824,577)	(824,577)
<b>Balance at 31 December 2014</b>	<u>77,134,662</u>	<u>-</u>	<u>(49,760,735)</u>	<u>27,373,927</u>
<b>Balance at 1 July 2015</b>	80,803,582	-	(51,158,223)	29,645,359
<i>Transactions with owners in their capacity as owners</i>				
Share capital issued	34,091	-	-	34,091
Share issue cost	(1,654)	-	-	(1,654)
Options issued	-	34,000	-	34,000
	<u>80,836,019</u>	<u>34,000</u>	<u>(51,158,223)</u>	<u>29,711,796</u>
Total comprehensive income for the period	-	-	(507,405)	(507,405)
<b>Balance at 31 December 2015</b>	<u>80,836,019</u>	<u>34,000</u>	<u>(51,665,628)</u>	<u>29,204,391</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



**STATEMENT OF CASH FLOWS  
FOR HALF-YEAR ENDED 31 DECEMBER 2015**

	<b>Consolidated</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	27,797	-
Payments to suppliers and employees (inclusive of GST)	(510,115)	(571,347)
Interest received	43,982	22,529
Interest and other finance costs paid	-	(347)
Net cash used in operating activities	<u>(438,336)</u>	<u>(549,165)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	-	(1,135)
Proceeds from sale of mining tenements	60,000	-
Proceeds from farm-in arrangement	-	10,000
Payment for exploration and evaluation and mining licences	(1,264,813)	(858,755)
Net cash used in investing activities	<u>(1,204,813)</u>	<u>(849,890)</u>
<b>Cash flows from financing activities</b>		
Shares issue transaction costs	(1,654)	(1,614)
Net cash used by financing activities	<u>(1,654)</u>	<u>(1,614)</u>
Net decrease in cash and cash equivalents	(1,644,803)	(1,400,669)
Cash and cash equivalents at beginning of the period	<u>3,364,105</u>	<u>1,864,870</u>
Cash and cash equivalents at the end of the period	<u>1,719,302</u>	<u>464,201</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### Note 1: Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These financial statements cover Queensland Mining Corporations Limited as a consolidated entity consisting of Queensland Mining Corporation Limited and the entities it controlled at the end of, or during the period and was authorised for issue in accordance with a resolution of Directors on 7 March 2016.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half year financial report should be read in conjunction with the annual financial report of Queensland Mining Corporations Limited as at 30 June 2015 and any public announcement made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Queensland Mining Corporations Limited is a public company, listed on the Australian Stock Exchange, incorporated and domiciled in Australia. The Company's operations comprise exploration for and evaluation of copper and gold resources within the Cloncurry region of Queensland.

a) Basis of preparation

The financial report has been prepared on the historical cost basis except as disclosed in the notes to the annual financial report.

b) Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2015.

Certain prior year comparatives have been reclassified to conform to the current reporting period presentation.

### Critical accounting estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2015 annual report.

### New and revised accounting requirements applicable to the current half-year reporting period

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Note 2: Contingent liabilities and commitments

There are no significant changes to the contingent liabilities and commitments from the 30 June 2015 Annual Report.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**Note 3: Going concern**

The Group made an operating loss of \$507,405 (2014: \$824,577) and its net cash outflow from operations was \$438,336 (2014: \$549,165) for the half-year ended 31 December 2015. The above matters give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

Notwithstanding the above, the Directors have prepared the half-year financial statements on a going concern basis based on the following key factors:

- a) The Group has cash balance of \$1.7m at 31 December 2015;
- b) It is the Directors' plan that additional working capital will be raised in the middle of 2016 calendar year. In the event the Group is delayed in raising development funding the Group may need to reduce its rate of expenditure;
- c) The cash flow forecasts prepared by the Directors indicates that the Group will have sufficient cash to meet its debts as and when they fall due over a period no less than 12 months from the date of the approval of these half year financial statements; and
- d) Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amount different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amounts of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Based on the above, the Directors are of the opinion that the financial statements can be prepared on a going concern basis and the Group will be able to pay its debts as and when they fall due and payable.

**Note 4: Operating segment**

*Geographical information*

The consolidated entity only has one geographical segment as all exploration licences issued to the Group lie within the Cloncurry region of Queensland, Australia.

**Note 5: Dividend**

No dividend has been declared or is payable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31.12.2015 \$	30.06.2015 \$
<b>Note 6: Non-current assets - Mining licences</b>		
At cost	17,048,463	16,996,063
Less: Impairment	(2,462,096)	(2,462,096)
	<u>14,586,367</u>	<u>14,533,967</u>

*Reconciliation*

Reconciliations of the written down values at the beginning and end of the reporting period and previous financial year are set out below:

Opening balance	14,533,967	14,533,967
Additions	52,400	-
Balance at the end of period	<u>14,586,367</u>	<u>14,533,967</u>

**Note 7: Non-current assets – Exploration and evaluation expenditure**

At cost	25,221,146	24,047,887
Less: R&D incentives	(787,716)	(787,716)
Less: Impairment	(12,182,560)	(12,182,560)
	<u>12,250,870</u>	<u>11,077,611</u>

*Reconciliation*

Reconciliations of the written down values at the beginning and end of the reporting period and previous financial year are set out below:

Opening balance	11,077,611	10,392,052
Additions	1,212,413	1,201,109
Less: Disposal	(39,154)	-
Less: Impairment	-	(411,339)
Less: R&D incentives	-	(104,211)
Balance at the end of period	<u>12,250,870</u>	<u>11,077,611</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

		31.12.2015	30.06.2015
		\$	\$
<b>Note 8: Equity - issued capital</b>			
1,754,695,877 fully paid ordinary shares (30.6.2015 :			
1,748,382,729 fully paid ordinary shares)			
		80,836,019	80,803,582
<b>Movement in ordinary share capital</b>			
<b>Details</b>	<b>Date</b>	<b>No. of shares</b>	<b>Value \$</b>
Balance	30 Jun 2014	1,126,349,328	77,102,185
Issue of shares at \$0.0118 per share	24 Jul 2014	2,889,068	34,091
Issue of shares at \$0.006 per share	29 Jan 2015	615,665,660	3,693,994
Issue of shares at \$0.0098 per share	24 Feb 2015	3,478,673	34,091
Share issue transaction costs, net of tax			(60,779)
		1,748,382,729	80,803,582
Balance	30 Jun 2015	1,748,382,729	80,803,582
Issue of shares	7 Sep 2015	6,313,148	34,091
Share issue transaction costs, net of tax			(1,654)
Balance	31 Dec 2015	1,754,695,877	80,836,019

**Note 9: Event after the reporting**

On 2 February 2016 the Company issued 5,877,759 ordinary shares to Redrock Exploration Services Pty Ltd as full settlement of \$34,091 exploration consultancy services provided.

Other than those disclosed above, the Directors are not aware of any other matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of its affairs.

## DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- at the date of this declaration, there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities to which they are, or may become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Eddy Wu  
Director and CEO

Dated this 7 March 2016

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Queensland Mining Corporation Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Queensland Mining Corporation Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Queensland Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Queensland Mining Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Queensland Mining Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

### Emphasis of matter

Without modifying our conclusion, we draw attention to Note 3 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding, successful exploration and subsequent exploitation of the consolidated entity's tenements. These conditions, along with other matters as set out in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

### BDO East Coast Partnership



**Gareth Few**  
Partner

Sydney, 7 March 2016